

Message Text

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45

ACTION EB-11

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R 291132Z JAN 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5242

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY BONN

C O N F I D E N T I A L TEHRAN 0771

STATE ALSO FOR T/IEP

E.OM 11652: GDS

TAGS: EGEN, ENRG, IR

SUBJ: ENERGY: EEC EMBASSIES' PAPER ON IRAN'S OIL POLICY

1. EMBOFF HAS READ (BUT NOT BEEN PERMITTED TO HAVE) A COPY OF A PAPER DATED JANUARY 22, 1974 PREPARED JOINTLY BY THE EEC MEMBER EMBASSIES IN TEHRAN CONCERNING IRAN'S OIL POLICY. BY WAY OF BACKGROUND, THE GERMAN EMBASSY INSTIGATED THE MOVE AND THEY CHAIRED THE MEETING SINCE IT IS GERMANY'S TURN TO BE CHAIRMAN OF THE EEC COUNCIL. OTHER SOURCES INDICATE THAT WHILE THE GERMAN EMBASSY DID MOST OF THE CLERICAL WORK, THE BULK OF THE SUBSTANTIVE IMPUT ORIGINATES WITH THE BRITISH. IT WAS AGREED THAT THE PAPER WOULD BE SUBMITTED ONLY TO GOVERNMENTS BY THE EMBASSIES AND NOT RPT NOT TO THE EEC COMMISSION.

2. CURIOUSLY ENOUGH THE PAPER CONTAINS NO RPT NO POLICY RE-COMMENDATIONS BUT RATHER SIMPLY EXPOSED A SOMEWHAT ANODYNE ANALYSIS OF IRAN'S POLICY.

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3. THE MOST INTERESTING THEME OF THE AGREED POSITION WAS A HIGHLY CRITICAL DISCUSSION OF THE SHAH'S AND IRAN'S MOTIVES AND ACTIVITIES IN SEEKING HIGHER CRUDE PRICES. THE PAPER NOTES THAT WHILE IRAN MAY NOT AGREE WITH THE ARAB POSITION ON EMBARGO, IT TOOK FULL ADVANTAGE OF ARABIAN ACTIONS TO PRESS FOR AND ACHIEVE THE HIGHEST POSSIBLE PRICES. THE WRITERS EITHER DID NOT KNOW OR DID NOT BELIEVE THAT IRAN PLAYED ANY MODERATING PART WHATSOEVER IN THE OPEC DELIBERATIONS LEADING TO THE LATEST ROUND OF INCREASES. (SEE TEHRAN 0045 NOTAL.)

4. THE PAPER ATTRIBUTES IRAN'S PUSH FOR GREATER IVHYO# TO:
(A) A LARGER AND MORE ECONOMICALLY ACTIVE POPULATION,
(B) A BROADER AND MORE AMBITIOUS INDUSTRIALIZATION PROGRAM,
AND
(C) A GROWING IMPORT BILL.

5. THE PAPER GOES ON TO NOTE THAT IRAN HAS LONG BEEN DIS-SATISFIED WITH ITS TRADE ARRANGEMENTS WITH THE EEC. IRANIAN OVERTURES FOR A CLOSER RELATIONSHIP WERE NOT RECIPROCATED BY THE EEC IN THE PAST PARTLY BECAUSE OF US DISAPPROVAL OF PREFERENTIAL ARRANGEMENTS AND PARTLY BECAUSE THE EEC DID NOT WISH TO COMPLICATE FURTHER THE ALREADY DIFFICULT MULTILATERAL TRADE NEGOTIATION TAKING PLACE UNDER GATT.

6. THE PAPER ENDS WITH THE THOUGHT THAT BECAUSE OF IRAN'S INCREASED IMPORT NEEDS (THEY CITE THE FIGURE OF DOLS12 BILLION BY 1978), AND OTHER CHANGES IN THE TRADE AND MONETARY PICTURE, THE FOREGOING FACTORS CONCERNING EEC/IRAN RELATIONS MAY NOT RPT NOT ANY LONGER BE CONTROLLING. HOWEVER, THE WRITERS STOPPED SHORT OF A RECOMMENDATION FOR A PREFERENTIAL ARRANGEMENT WITH IRAN.

7. FACT THAT EMBASSY HAS SEEN PAPER SHOULD NOT RPT NOT BE MADE KNOWN.
HELMS

NOTE BY OC/T: TEHRAN 771, PARA 4 AS RECEIVED. WILL BE SERVICED UPON REQUEST.
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